

EXHIBIT 3

Message

From: Tom_D'Agostino/GV/FD/FluorCorp [Tom_D'Agostino/GV/FD/FluorCorp]
Sent: 8/14/2015 3:37:03 PM
To: Robert_Griffith/GV/FD/FluorCorp%fluorcorp
CC: Kent_Smith/GV/FD/FluorCorp%fluorcorp
Subject: Re: BAE Radford NC Facilities CRG BRMF

Great. Glad to see tom move forward here.

On Aug 14, 2015, at 11:16 AM, "Robert Griffith" <Robert.Griffith@fluor.com> wrote:

FYI - conditional approval today, but we need to discuss path forward.

Tom - no action on this required today

Sent from my iPhone

Begin forwarded message:

From: "Tom Moran" <Tom.Moran@Fluor.com>
Date: August 14, 2015, 11:06:33 AM EDT
To: "Trena McCullough" <Trena.McCullough@Fluor.com>
Cc: "Stephen Showalter" <Stephen.Showalter@Fluor.com>, "Dee Lee" <Dee.Lee@fluor.com>, "Dave Methot" <Dave.Methot@fluor.com>, "Robert Griffith" <Robert.Griffith@fluor.com>, "Gregory Amparano" <Gregory.Amparano@Fluor.com>
Subject: BAE Radford NC Facilities CRG BRMF

Trena,

The BAE Radford NC Facility design build prospect is truly significant due to its size and complexity. It also provides Fluor's Government Group with an important opportunity to broaden its construction capabilities. Due to the value of the lump sum this project requires, now stated as approximately \$200 million, and if not properly Baselined during the proposal phase as required by Fluor's OSR and executed to that Baseline, the potential to impact Fluor's bottom line could be significant. It is for these reasons, the Corporate Risk Group communicated its intentions to perform a much more thorough review of the Project Baseline documents as part of the Corporate Risk Review. These intentions were communicated well in advance of the Corporate Risk Review with an expectation that the requested documents would be provided in advance of the meeting. Unfortunately, only the risk assessment and a contract summary were provided before the Corporate Risk Review. During that review, the CRG reiterated its request and many, not all, of the requested documents have been provided since the meeting including several that were provided only late yesterday.

It is the opinion of the Corporate Risk Group that the pursuit team has not met its obligation to generate the Project Baseline documents in sufficient detail to warrant Corporate Risk Group approval to submit its bid. Please allow me to highlight the following.

1. The pursuit team did not provide a Fluor generated Scope of Facilities

or Scope of Services that is suppose to be generated during the proposal effort. The client's Scope of Work was provided for review and is written in such a manner that it appears to be an extension of contract requirements. A Fluor generated Scope of Facilities and Scope of Services are fundamental tools to clearly communicate what Fluor will do and what is expected of the client or other project participants. These documents also form a basis for the development of a project estimate. Unfortunately these documents were not provided so the CRG must assume they were not generated during the proposal effort.

2. The pursuit team did not provide a narrative Estimate Basis. This is fundamental in the development of an estimate as it documents a huge number of considerations needed in order to generate an estimate. Examples would include: assumed craft productivity rates, craft availability (i.e., local available labor versus travelers), craft wage rates, escalation, assumptions and clarifications, estimate allowances for ill defined scope, install rates, etc.). The Estimate Basis was requested on several occasions and has not been provided so the CRG must assume this document has not been generated.

3. The Estimate output was provided (30 pages) which is in far less detail than typically seen. It was noted that most of the estimate is performed on a per square foot or cubic yard basis including piping, equipment installation, electrical and Instrumentation. This not viewed as a typical estimating approach especially given the type of facilities to be constructed. As an example, estimating the installation of piping materials is typically dependent on different metallurgy's (e.g., carbon steel, versus stainless steel, versus other metallurgy's) and equipment installation is typically estimated by equipment types (e.g., pumps, heat exchangers, vessels, towers, tanks, etc.).

4. The Estimate Contingency Analysis was provided and it resulted in an Estimate Contingency value of \$4.78 million representing approximately 2% of TIC. In reviewing the analysis, home office services (assumed to be the "Design Fee" entry) was excluded from the analysis because this value was not ranged. The resultant value of Estimating Contingency appears to be very low given this type of project.

5. A Manpower Staffing Plan was provided via the General Conditions estimate. In addition a Project Organization Chart was also provided. The Project Organization Chart does not show a Material Management function (i.e., procurement, expediting, supplier quality surveillance, etc) as a function of the detailed engineering and procurement functions nor as part of the construction organization (i.e., receipt, warehousing, etc). The General Conditions estimate only shows one person during the construction phase in the estimate for this function (a senior Material Management specialist, labor grade 17). The CRG believes that a project of his size requires a much more senior level person managing the Material Management function and can not verify if any other resources were included in the estimate. This function seems to be inadequately estimated for number of pieces of equipment (in excess of 650 items) and the volume of piping, electrical, and structural steel components required

for this project.

6. A Schedule generated by the proposal team was provided but only contains one client equipment delivery related schedule milestone. On this project, the client is purchasing 229 pieces of equipment. As advised during the Corporate Risk Review, a sufficient number of client milestones must be shown in the Fluor schedule in order to form a basis for change management in the event the client is late. In this case, these milestones should include the receipt of supplier data in order to properly progress detailed engineering and receipt of client furnished equipment at site in order to facilitate an efficient construction effort. Fluor (or its engineering subcontractor is responsible for specifying an additional 423 pieces of equipment. The Schedule that was provided also do not go into sufficient detail to show when this equipment is to be purchased nor received at the site and installed. It is the opinion of the Corporate Risk Group that the Schedule generated by the pursuit team is not in sufficient detail.

6. The resultant Risk Assessment appears to be in sufficient detail but the Corporate Risk Group continues to express its concerns related to the resultant value of Risk Event Contingency. A 2% to 5% of TIC Risk Event Contingency value is normally seen for lump sum projects of this nature. In this case the value of Risk Event Contingency is \$1.05 million which only represents 0.5% of TIC. This value is seen as extremely aggressive and potentially insufficient.

It is with great reservations that the Corporate Risk Group provides its conditional approval to Fluor's Government Group to submit its proposal to BAE for their NC Facility design build project. Said conditional approval is predicated on the pursuit team generating, in proper detail and providing for review and approval by the Corporate Risk Group, the Project Baseline documents as required by Fluor's OSR before entering into contract negotiations with the client. This includes a properly detailed estimate. The clear intent is through the contract negotiation process, the Fluor generated documents (as appropriate (e.g., schedule and scope of work)) would be then be used as exhibits in the executed contract.

Please let me know if there are any questions.

Thanks and best regards,

Tom

Tom Moran | **FLUOR** | Corporate Risk Group | tom.moran@fluor.com | IODC 20.4085 | O +1.864.281.4085 | M +1.864.430.7572 | www.fluor.com

Trena McCullough---08/13/2015 05:45:34 PM---Tom, It has been a long journey and I believe we have provided you all necessary information via doc

From: Trena McCullough/GV/FD/FluorCorp
To: Tom Moran/GV/FD/FluorCorp@FluorCorp,

Cc: Alexander Sexton/GV/FD/FluorCorp@FluorCorp, Stephen
Showalter/GV/FD/FluorCorp@FluorCorp, Dee Lee/GV/FD/FluorCorp@FluorCorp, Dave
Methot/GV/FD/FluorCorp@FluorCorp
Date: 08/13/2015 05:45 PM
Subject: BAE Radford NC Facilities CRG BRMF

Tom,

It has been a long journey and I believe we have provided you all necessary information via document and verbal communication that will aid in your review and approval of the BRMF for Radford NC Fac. Reminder that the proposal is due out tomorrow, Friday, Aug. 14th at 4pm.

This email is a request for CRG approval of the BAE Radford NC Facilities BRMF. Thank you in advance.

(See attached file: 0010084071 BAE Systems TSS Inc - Radford NC Facility_20150813.pdf),

Sincere Regards,

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If you haven't reached your goal, it just means you gave up too soon.
Don't quit and Don't give up!

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